

'Positive on Specific Private Banks, NBFCs'

Q&A

Talking to ET Now, **Sanjeev Zarbade**, Vice President-PCG Research, Kotak

Securities, says bullish on IndusInd Bank and Federal Bank and among NBFCs, HDFC and Cholamandalam Finance are favourites. Edited excerpts:

What is your view on SIS India?

Someone rightly said that it is a new IPO and is engaged in the business of providing security solutions and the good thing about the business is that it is not very asset heavy and the capital employed is also very low. Plus, you see that the staffing services can be a big market going ahead because of the sizable nature of unorganised market that exists. There is a lot of market share that the organised players can actually take in the staffing services market and incidentally our institutional team has also come out with initiating coverage on the company and have a positive view on the company.

Your top picks among banks include Yes Bank, IndusInd Bank... Would they be your preferred bet, what is the pecking order among private banks?

Among private banks, we like IndusInd Bank and also Federal Bank. However, on Yes Bank, we are a bit negative mainly on account of the high valuation that the bank is trading at. Otherwise we are quite positive on the private banking sector because of the kind of opportunity that the sector has as they only have around 25% to 30% of the overall lending business that is there in India and there is huge headroom for growth in market share. So, we are positive on the private bank space and on IndusInd Bank but on Yes Bank we would be bit cautious.

Which is your favourite financial stock?

In the non-banking finance space, last quarter's earnings by the NBFC sector were quite good because the rural sector has seen a good improvement in cash flow plus there was not much of impact because of GST. Hence the numbers reported by the likes of Bajaj Finance, L&T Finance as well as some other names were quite good. We are positive on HDFC because the demand for housing finance as well as affordable homes continue to be good. We also like Cholamandalam Finance because of the demerger scheme that is happening.